

Message Text

UNCLASSIFIED

PAGE 01 GUATEM 01245 160022Z

61

ACTION AID-59

INFO OCT-01 ISO-00 PASS-00 FDRE-00 DODE-00 IO-11 CIAE-00

DHA-02 PRS-01 EB-07 IGA-02 SCSE-00 SSO-00 INR-07

INRE-00 /090 W

----- 105120

O 152345Z FEB 76

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC IMMEDIATE 281

UNCLAS GUATEMALA 1245

DEPT PLEASE PASS IMMEDIATE TO SECDEF, JCS, AND USCINCSO.

ROUTINE TO AMEMBASSY SAN SALVADOR, USUN NY, AND USMISSION GENEVA.

AIDAC FOR ADI/PHA/FDRC

E.O. 11652: N/A

TAGS: SWEL, GT

SUBJECT: JUSTIFICATION OF REPAIRING ROAD FROM GUATEMALA

CITY TO PUERTO BARRIOS

1. WE SHALL FIRST PRESENT A CALCULATION IN TERMS OF DIRECT USER COSTS TO JUSTIFY THE PROJECT; NEXT, WE SHALL MENTION THE MAJOR FACTORS THAT STRENGTHEN THE JUSTIFICATION BUT ARE HARD TO QUANTIFY AT THIS POINT.

2. COSTS:

A. THE LENGTH OF THE NORMAL PAVED ROAD FROM GUATEMALA CITY TO PUERTO BARRIOS IS 256 KMS. THE AVERAGE PRE-EARTHQUAKE TIME FOR TRUCKS TO MAKE THE TRIP WAS FIVE TO SEVEN HOURS. THE PRESENT DETOUR THROUGH EL SALVADOR (THE ONLY FEASIBLE ALTERNATIVE ROAD FROM GUATEMALA CITY TO PUERTO BARRIOS) IS 416 KMS, AND REQUIRED 12 TO 15 HOURS. AID/GUATEMALA ENGINEERS ESTIMATE THAT THE ADDITIONAL MILEAGE, CONDITION OF THE ROAD AND TIME LOST RAISES THE AVERAGE FREIGHT COST PER TON FOR THE LENGTH OF THE ONE-WAY TRIP FROM \$13.60 TO UNCLASSIFIED

UNCLASSIFIED

PAGE 02 GUATEM 01245 160022Z

ABOUT \$30.00, OR BY \$16.40.

B. TO ESTIMATE THE TOTAL ADDITIONAL AMOUNT IN DIRECT USER COSTS INVOLVED IN SHIPPING FREIGHT BY MEANS OF THE LONGER ROAD WE HAVE USED 1974 FOREIGN TRADE FIGURES FOR GOODS MOVING INTO AND OUT OF PUERTO BARRIOS AND SANTO TOMAS. THE DATE ARE AS FOLLOWS:

IN THOUSANDS OF METRIC TONS	
EXPORTS THROUGH PUERTO BARRIOS	392
EXPORTS THROUGH SANTO TOMAS	224
IMPORTS THROUGH PUERTO BARRIOS	121
IMPORTS THROUGH SANTO TOMAS	806
TOTAL	1,543

C. THIS SIMPLIFIED CALCULATION IGNORES TWO FACTORS WORKING IN OPPOSITE DIRECTIONS: (1) THE TOTAL TONNAGE TO BE MOVED IN 1976 WILL BE SUBSTANTIALLY ABOVE THE 1974 TRAFFIC IN VIEW OF THE HEAVY RECONSTRUCTION REQUIREMENTS, AND THE NORMAL GROWTH TREND. THE AVERAGE ANNUAL GROWTH RATE OF EXPORTS AND IMPORTS MOVING THROUGH THE TWO CARIBBEAN PORTS OFVER 1970-74 WAS 24PERCENT; (2) ON THE OTHER HAND, ACCOUNT MUST BE TAKEN OF THE FACT THAT NOT ALL OF THE IMPRTS AND EXPORTS MOVING THROUGH TESE TWO PORTS ARE MOVING OVER THE DAMAGED PORTION OF THE NORTH ATLANTIC HIGHWAY. WHOLE FACTOR (1) IS LIKELY TO OUTWEIGH (2) IN IMPORTANCE, OR CALCULATION CONSERVATIVELY ASSUMES THAT THE TWO FACTORS CANCEL OUT.

THE ADDITIONAL COST OF SHIPPING GOODS THROUGH THE LONGER ROUTE THUS BECOMES: \$16.40 X 1,543,000 TONS EQUALS \$25,305,200. NOTE THAT THIS FIGURE SUBSTANTIALLY EXCEEDS THE ESTIMATED COST OF REPAIRING THE ROAD (10 TO 20 MILLION).

3. SOCIAL BENEFITS:

A. THE TOTAL NET SOCIAL BENEFITS RESULTING FROM REPAIRING THE ROAD ARE APT TO BE MUCH GREATER THAN THOSE SUGGESTED BY THE ABOVE CALCULATION OF SAVINGS IN DIRECT USER COSTS ALONE. SPECIFICALLY, THE ABOVE CALCULATION IGNORES THE FOLLOWING FACTORS:

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 GUATEM 01245 160022Z

1. THE CARGO TRAFFIC BETWEEN GUATEMALA CITY AND THE NORTHERN PORTS FOR INTERNAL CONSUMPTION (IE THAT IS NOT SHIPPED INTERNATIONALLY).

2. ALL PASSENGER TRAFFIC ALONG SUBJECT HIGHWAY.

3. A NEW PLANT PRODUCING CLINKER IS NOW COMPLETELY ISOLATED.

THIS CLINKER IS THE RAW MATERIAL FOR THE ONLY OTHER CEMENT PLANT IN GUATEMALA, AND CANNOT BE SHIPPED IN EITHER DIRECTION UNDER PRESENT CONDITIONS. THE ESTIMATED CAPACITY OF THE ISOLATED PLANT IS ABOUT 400,000 TONS OF CLINKER A YEAR.

B. FAILURE TO REPAIR THE ROAD DURING THE DRY SEASON WILL PROBABLY DELAY THE ROAD RECONSTRUCTION JOB BY A FULL YEAR. THIS MAY HAVE SIGNIFICANT EFFECTS ON THE WHOLE RECONSTRUCTION EFFORT AND ON THE ECONOMY. IF IT TAKES TWICE AS LONG TO DISTRIBUTE IMPORTS ENTERING THE CARIBBEAN PORTS, THE GOVERNMENT WILL BE FACED WITH THE FOLLOWING TWO ALTERNATIVES: (1) SUBSTANTIALLY REDUCE THE FLOW OF IMPORTS PASSING THROUGH THE CARIBBEAN PORTS TO ADJUST FOR THE SLOWER MOVEMENT OF GOODS FROM THE PORTS OF GUATEMALA CITY AND INTO THE INTERIOR; OR (2) BUILD ADDITIONAL WAREHOUSE FACILITIES, SINCE EXISTING WAREHOUSE FACILITIES WILL SOON BE FILLED TO CAPACITY BY THE REDUCED OUTFLOW. THIS WOULD NOT ONLY ENTAIL ADDITIONAL STORAGE COSTS, BUT WOULD ALSO INVOLVE ADDITIONAL FREIGHT CHARGES AND DELAYS SINCE THE NEW WAREHOUSES WOULD HAVE TO BE LOCATED AT A GREATER DISTANCE FROM THE DOCKING FACILITIES. ADDITIONAL HIGHWAY TRANSPORT EQUIPMENT WOULD ALSO BE REQUIRED. THIS LATTER ALTERNATIVE IS CLEARLY ONLY A COSTLY STOP-GAP MEASURE.

4. THE ABOVE ADDS TO A COMPELLING CASE FOR REPAIRING THE ROAD BEFORE THE END OF THE DRY SEASON, IE BY MAY 15 AT THE LATEST.
MELOY

NOTE BY OC/T: PASSED ABOVE ADDRESSEES.

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DISASTER RELIEF, EARTHQUAKES, HIGHWAYS, RECONSTRUCTION, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Draft Date: 15 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976GUATEM01245
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760058-0293
From: GUATEMALA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760246/aaaabocp.tel
Line Count: 143
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AID
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: housmasa
Review Comment: n/a
Review Content Flags:
Review Date: 12 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 JUL 2004 by oatisao>; APPROVED <06 OCT 2004 by housmasa>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: JUSTIFICATION OF REPAIRING ROAD FROM GUATEMALA CITY TO PUERTO BARRIOS
TAGS: SWEL, GT, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006